

# 2012 Cost Survey Workshop

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Hieu Le

# Agenda

- Background of Cost Surveys
- Sample Size and Site Selection
- Processing Fee Cost Survey
  - Recycling Cost per Ton
- Handling Fee Cost Survey
- Handling Fee Calculation
- Questions

# Background of Cost Surveys

- Public Resource Code Section 14585 (f)(1) requires CalRecycle to conduct a handling fee cost survey every two years, in conjunction with the processing fee cost survey.
- Cost surveys are used to determine a statewide, weighted-average cost to recycle beverage containers for processing fee recyclers, and for handling fee recyclers.
- Cost surveys were performed by NewPoint Group Management Consultants on behalf of the Division of Recycling.
- Cost surveys were conducted in 2011 and 2012 (August through January). NewPoint completed 292 recycler cost surveys, of which 198 surveys were unique processing fee recyclers and 94 surveys were unique handling fee recyclers.
- Calendar year 2010 financial statements, labor information, and recycling volumes were used to determine recycling center costs.
- Recycling center costs were used to determine the 2012 Processing Payment and Processing Fee calculations, and the handling fee rate, effective July 1, 2012.

# Sample Size and Site Selection

- Sample size is calculated to produce data with a 90 percent confidence interval.
- Sites are randomly selected after stratification by volume.
- Sites under investigation or sanctioned were not selected. Their volumes were not used in the final calculation to determine recycling center cost.
- Sites are notified of selection and each site visited between August 2011 to January 2012.

# Processing Fee Cost Survey

- The Processing Fee Cost Survey is used to estimate the statewide, weighted-average, 2010 certified recycler costs per ton, for four beverage container material types, for recycling centers that did not receive handling fees.
- Using a stratified random sampling method based on volume, 198 sites out of 842 qualifying recycling centers were selected.
- Recycler costs per ton were used to determine the 2012 Processing Payment and Processing Fee calculations.

# Recycling Cost per Ton

Material	2010 Cost per Ton	2008 Cost per Ton
Aluminum	\$537.06	\$559.23
Glass	\$89.76	\$81.60
PET #1	\$440.61	\$426.76
HDPE #2	\$611.62	\$501.67
PVC #3	\$961.14	\$789.16
LDPE #4	\$1,372.58	\$1,125.80
PP #5	\$1,231.38	\$1,009.99
PS #6	\$762.73	\$625.60
Other #7	\$835.69	\$685.44
Bi-Metal	\$770.80	\$632.22

# Handling Fee Cost Survey

- Handling Fee Cost Survey is used to estimate the California statewide, weighted-average, 2010 certified recycler cost per container to recycle for handling fee recyclers and processing fee recyclers.
- Using a stratified random sampling method, 99 sites out of 842 qualifying processing fee recycling centers were selected, and 94 sites out of 1,092 qualifying handling fee recycling centers were selected.

# Handling Fee Calculation

- 2010 handling fee per container payment will be equal to the difference between the cost per container for handling fee recyclers, and the cost per container for processing fee recyclers.
- New Handling Fee of 0.773 cents, effective July 1, 2012.

Recycler Type	2010 Cost per Container	2008 Cost per Container
Handling Fee Recycler	2.029 Cents	2.196 Cents
Processing Fee Recycler	1.256 Cents	1.337 Cents
Handling Fee Recycler Cost per Ton Minus Processing Fee Recycler Cost per Ton	<b>0.773 Cents</b>	<b>0.859 Cents</b>



# Questions?